November 29, 2016

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communication Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: Connect America Fund, WC Docket No. 10-90
Home Telephone Company, Inc.
Notice of Ex Parte

Dear Ms. Dortch:

Home Telephone Company, Inc. (Home) (240527) has previously filed comments that suggested actions the Commission could take if funding required by carriers electing the follow up to Alternative Connect America Cost Model (A-CAM) exceeded the available A-CAM budget.[1] This letter is a follow-up to our earlier filling and a recent general conversation our attorney Greg Vogt had with Alexander Minard by phone. The November 2, 2016 Public Notice released by the Federal Communications Commission (Commission) announced that rate-of-return companies electing A-CAM support exceeded the available A-CAM budget by more than \$160 million annually.[2] Home would note that while 436 Study Areas exceed their 2015 legacy support budget by \$360 million, 67 Study Areas actually provide approximately \$55 million as a contribution to offset the budget shortage. In addition, these contributing companies (glide path carriers) assume obligations to both extend 10/1 broadband coverage and also deploy 25/3 service to a substantial number of rural subscribers.

As the Commission confronts the issue of oversubscription of available model support, it is critical that the Commission focuses on the problem, demand for model support exceeds available budget for model winners. The glide path carriers are not the problem, they are actually part of the solution. The facts now support Home's original filing where we noted that rather than creating a budget shortage problem, glide path A-CAM adopters reduce the overall funds needed to support high cost areas served by rate-of-return companies and allows for additional connections to be funded by the model winners. Thus, the Commission should lock in all glide path adopters to both obligations and support levels of the initial model run. Such action is not only in the public interest, but is an extremely practical first step in resolving the over-subscription issue the Commission now confronts.

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[1] *Wireline Competition Bureau Announces Results of Rate-of-Return Carriers That Accepted Offer of Model Support*, WC Docket No. 10-90, DA 16-1246 (rel. Nov. 2, 2016) ("A-CAM Results PN"), *citing* Letter from Keith Oliver, Home Telephone Company, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 10-90 (filed Oct. 14, 2016).
[2] *See* A-CAM Results PN.

Home supports the call by many parties for additional funding. Clearly the existing budget is insufficient to meet the current funding requirements. The insufficiency of the budget is evident when you consider that to produce the 171,140 connections required of the 37 largest model beneficiaries requires the entire $150 million of additional funding provided by the Commission.

While Home believes additional funding is the best possible solution, Home understands the budget constraints the Commission faces. If sufficient funding is not possible the Commission should resolve the budget issues while adhering to four specific objectives.

1. First given the overall budget issue the Commission should seek to maximize total funding to the industry, which will allow for the maximum number of new broadband connections.
2. Second the Commission should avoid the footnote 141 problem,[3] it would simply be inequitable to force glide past carriers back to rate of return but not allow their full legacy support to follow them.
3. Third the Commission should not involuntary disqualify any company from A-CAM.
4. Fourth and finally the Commission should ensure that if funding as determined by the original model run is reduced, obligations for A-CAM electors should remain consistence with model output at the lower funding level.

These four objectives should form the four corners within which a solution should be crafted. Home continue to believe that, solely for those companies where model support exceeds their 2015 legacy high cost support, an effective solution would be to make pro-rata reductions to support based on the difference between model winner initial model support and their 2015 legacy support. Obligations of course would have to be reduced commensurate with funding reductions. However, the critical first step is to lock in the budget contribution of the glide path carriers by freezing their obligations and support at the level of the initial model run.

Please feel free to contact me if we can provide any additional input on the mechanics of pro-rating support between model winners.

Sincerely,

/s/ H. Keith Oliver
H. Keith Oliver
Senior Vice President
Home Telephone Company

cc: Alexander Minard
Katie King

[3] *Connect America Fund*, WC Docket Nos. 10-90, *et. al*., Report & Order, Order & Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 16-33, ¶ 69 no. 141 (rel. Mar. 20, 2016).